
A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE HAWAII COMMUNITY
DEVELOPMENT AUTHORITY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. This Act is recommended by the governor for
2 immediate passage in accordance with section 9 of article VII of
3 the Constitution of the State of Hawaii.

4 SECTION 2. Act 49, section 3, Session Laws of Hawaii 2017,
5 appropriated \$2,823,358 in revolving funds to the department of
6 business, economic development, and tourism to fund payroll, and
7 administrative costs for the Hawaii community development
8 authority.

9 Fringe benefit costs are excluded when appropriated out of
10 the general fund of the State of Hawaii; but fringe benefit
11 costs must be added when revolving funds are used to fund
12 positions.

13 Therefore, a critical funding shortage exists and
14 additional revolving funds must be appropriated to cover fringe
15 benefit costs for the Hawaii community development authority to
16 continue to pay its employees through fiscal year 2018-2019.

H.B. NO. 961

Report Title:

Emergency Appropriation; Hawaii Community Development Authority

Description:

Makes an emergency appropriation to provide funds for the Hawaii Community Development Authority for its payroll, fringe benefits, and administrative costs. Effective upon approval.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

HB NO. 961

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY.

PURPOSE: The purpose of this Act is to make an emergency appropriation to provide funds for the Hawaii Community Development Authority (HCDA) to cover payroll, fringe benefit, and administrative costs.

MEANS: Emergency appropriation.

JUSTIFICATION: In 2017, the administration budget proposed funding in fiscal year 2018-2019 for HCDA's salaries to be funded from general, rather than CIP funds. When the budget was approved, funds had been provided from the Hawaii Community Development revolving fund.

When salaries are funded from the general funds, no fringe benefit costs need to be added, but when they are funded through revolving funds, fringe benefit costs need to be added. As a result, the HCDA is short \$1,115,853 in its budget.

Without an emergency appropriation, HCDA cannot operate for the entire fiscal year. If funding is not received, payroll cannot be made, which may have a negative impact on infrastructure projects and could lead to automatic approval development permit applications without adequate regulatory oversight.

Impact on the public: Projects to redevelop blighted and economically depressed districts of the State could be delayed. Regulatory oversight of development permits may be inadequate as staff to process the permits may not be available.

Impact on the department and other agencies:
Layoffs or furloughs may result. The department and other agencies may have to be redeployed to provide oversight of various construction projects HCDA is involved in. HCDA park lands may require oversight from non HCDA personnel.

GENERAL FUND: None.

OTHER FUNDS: \$1,115,853 in HCDA revolving funds.

PPBS PROGRAM
DESIGNATION: BED-150.

OTHER AFFECTED
AGENCIES: Department of Business, Economic
Development, and Tourism.

EFFECTIVE DATE: Upon approval.